



Patrick W. Henning, Director

December 30, 2008

22M:341:JDT:9052



Arnold Schwarzenegger
Governor

Mr. Andrew Munoz, Executive Director
Orange County Community Services Agency
1300 S. Grand Avenue, Bldg. B, 3rd Floor
Santa Ana, CA 92705-4407

Dear Mr. Munoz:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the Orange County Workforce Investment Board's (OCWIB) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. David Davis and Mrs. Cheryl Kemp from October 6, 2008 through October 10, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by OCWIB with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with OCWIB representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of sampled case files, OCWIB's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on December 22, 2008, and reviewed your comments and documentation before finalizing this report. Because your response did not adequately address finding 1 cited in the draft report, we consider this

finding unresolved. We request that OCWIB continue with its corrective actions to resolve the issue that led to the finding. Therefore, this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 90028.

Conversely, because your response adequately addressed finding 2 cited in the draft report, no further action is required at this time. However, this issue will remain open until we verify your implementation of your stated corrective action plan (CAP) during a future onsite review. Until then, this finding is assigned CATS number 90029.

BACKGROUND

The OCWIB was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. During our review, OCWIB was still expending WIA funds allocated for PY 2007-08. For PY 2007-08, OCWIB was allocated: \$1,528,622 to serve 403 adult participants; \$1,715,781 to serve 571 youth participants; and \$2,850,592 to serve 724 dislocated worker participants.

During our review, OCWIB expended little to none of the funds allocated for PY 2008-09. For the quarter ending June 30, 2008, OCWIB reported the following expenditures for its WIA programs for PY 2007-08: \$833,045 for adult participants; \$1,340,708 for youth participants; and \$1,630,974 for dislocated worker participants. In addition, OCWIB reported the following enrollments for PY 2007-08: 405 adult participants; 592 youth participants; and 728 dislocated worker participants. We reviewed case files for 24 of the 30 participants enrolled in the WIA program as of September 30, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, OCWIB is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the areas of Workforce Investment Board (WIB) and Youth Council composition. The findings that we identified in these areas, our recommendations, and OCWIB's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(2)(A)(iii) states that the composition of the local Workforce Investment Board (WIB) shall include representative of local labor organizations. 20 CFR 661.315(a) states that the local WIB must contain two or more members representing the categories described in WIA Section 117(b)(2)(A)(iii).

Workforce Investment Act Directive 06-21 states that at least 15 percent of local WIB members shall be representatives of labor organizations.

Observation: We found that the local WIB has a total of 39 members, but it has not appointed adequate labor representatives to ensure that labor union representation equals 15 percent of the WIB membership. Presently, the WIB has two labor representatives, and four more are needed to meet the 15 percent requirement. While OCWIB provided correspondence to demonstrate their efforts to appoint the required union representatives, the vacancies have existed since the release of WIAD06-21 on June 29, 2007.

Recommendation: We recommended that OCWIB provide the Compliance Review Division (CRD) with a CAP, including a timeline, showing the steps it will take to fill the required labor vacancies. Once filled, we recommended that OCWIB provide CRD with a copy of an updated WIB roster.

OCWIB Response: The OCWIB stated that it has had numerous meetings with local labor representatives to discuss compliance with WIAD06-21. One additional labor representative from the California Schools Employee Association was appointed by the Orange County Board of Supervisors on October 21, 2008. The OCWIB will continue to add members as nominations come from the local labor council/federation. The local labor council/federation will continue to receive nomination request letters on a quarterly basis. The OCWIB provided a sample of its nomination request letter to CRD for review and it will continue to document its efforts to fill the labor vacancies.

State Conclusion: Based on OCWIB's response, we cannot resolve this issue at this time. Since our onsite review, OCWIB has appointed one additional union representative and three more vacancies remain to be filled. We recommend that OCWIB continue with its CAP to fill the remaining three labor vacancies on the WIB and provide a copy of an updated WIB roster once the vacancies are filled. Until then, this issue remains open and has been assigned CATS number 90028.

FINDING 2

Requirement: 20 CFR Section 661.335(b)(2)(4) and (5) state, in part, that the membership of each Youth Council must include a representative of youth service agencies that may include juvenile justice and local law enforcement, a representative of the local public Housing Authority, and a youth participant representative.

Observation: We observed that OCWIB's Youth Council has two vacant seats for representatives of a service agency and a local Housing Authority since March 2008, and one vacant seat for a youth participant representative since June 2008.

Recommendation: We recommended that OCWIB provide CRD with a CAP, including a timeline, showing the steps it will take to fill the above vacancies. Once filled, we recommended that OCWIB provide CRD with a copy of an updated Youth Council roster.

OCWIB Response: The OCWIB stated that it has been actively recruiting to fill the Youth Council vacancies and proposed the following corrective actions:

- The OCWIB will appoint representatives from the Orange County Probation Department to the Youth Council on February 25, 2009.
- The Orange County Housing Authority has a representative on the OCWIB. The member will join the Youth Council effective immediately.
- The OCWIB will appoint a youth representative to the Youth Council on February 25, 2009.

State Conclusion: The OCWIB's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, OCWIB's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90029.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Division. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than February 4, 2009.

Mr. Andrew Munoz

-5-

December 30, 2008

Please submit your response to the following address:

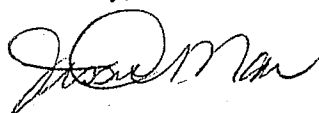
Compliance Monitoring Section
Compliance Review Division
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is OCWIB's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain OCWIB's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact me at (916) 653-7541 or Ms. Cheryl Kemp at (916) 653-6123.

Sincerely,



JESSIE MAR, Chief
Compliant Monitoring Section
Compliance Review Division

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Gilbert Von Studnitz, MIC 50